

05b WLEP RISK REGISTER UPDATE

WLEP BOARD RECOMMENDATION

The WLEP Board is asked to:

- Note the changes to the WLEP risk profile following FAR Committee review at their meeting on 8 November 2022; and
- Note the escalation of one risk which is now assessed as a 'net red' risk within the WLEP Risk Register and identify any further actions required to support risk mitigation strategies.

5.1 Context

- 5.1.1 As outlined in the WLEP Local Assurance Framework (LAF), the Finance, Audit and Risk (FAR) Committee operate as a sub-group to the WLEP Board and meet on a quarterly basis. One of the FAR Committee's key roles is in ensuring that the necessary risk management systems are in place for WLEP operations.
- 5.1.2 This brief report provides an update on the risk profile for WLEP, following a review of the risk register undertaken at the FAR Committee meeting held on 8 November 2022.

5.2 WLEP Risk Management Principles

- 5.2.1 As way of reminder, WLEP risks are assessed on a 5 x 5 matrix, which measures the probability and impact of a risk, to generate a score that is assigned one of four coloured ratings – Red, Amber-Red, Amber-Green, or Green.
- 5.2.2 As agreed at previous WLEP Board meetings, the Board is prepared to accept risk and has delegated responsibility for risk management to the FAR Committee to manage on its behalf. It was also agreed that any risk that is assessed as a 'net red' risk must be a priority for immediate management action and should be escalated to WLEP Board for information and decision as appropriate.
- 5.2.3 A decision would then need to be taken by WLEP Board whether to avoid, transfer or reduce the risk (recognising a 'net red' risk cannot be accepted).

5.3 WLEP Risk Register

- 5.3.1 There remain 9 risks identified on the WLEP Risk Register. Mitigation strategies have been considered, along with an assessment of their post-mitigation values, which resulted in the following changes to the overall risk profile:
- 0 risks were 'down-graded' i.e. a reduction in their probability and/or impact values
 - 8 risks had no change to their overall scores
 - 1 risk was 'up-graded' i.e. an increase in their probability and/or impact values
 - 0 risks were closed or consolidated to reduce duplication
 - In addition, 0 new risks were added
- 5.3.2 It is important to note that the risk values assessed and recorded on the Risk Register are post-mitigation. As a result of the changes made, the risk profile of the WLEP Risk Register is now:

- Green – 2 risks
- Amber/Green – 3 risks
- Amber/Red – 3 risks
- Red – 1 risk

5.3.3 In accordance with the WLEP Risk Management Strategy, the FAR Committee are escalating to WLEP Board the fact that one risk is now categorised as a net red risk, as follows:

- **(Score of 20/25)** – A lack of government support or funding results in poor delivery of the WLEP economic strategy, or a failure to deliver individual priority projects.

5.3.4 For more detail on the risks and the current mitigating actions in place, the full Risk Register is included as **Appendix 06c**.

5.3.5 The underlying issue continues to stem from the lack of long-term clarity from Government for LEPs, despite a conclusion to the National LEP Review. There are several LEPs that have begun the transition towards integration with Mayoral Combined Authorities, including LEPs in the West Midlands geography.

5.3.6 However, for those LEPs operating in geographies where there is no immediate plan for devolution, then Government is yet to clarify future funding and support arrangements beyond March 2023.

5.4 Mitigation Strategy and Next Steps

5.4.1 Mitigation strategies are in place for all risks.

5.4.2 We expect further information to follow in the days and weeks following Government's fiscal event announcement on 17 November 2022, which may provide greater clarity on plans for 2023/24 and beyond. The CEO and Deputy CEO also have regular communication with BEIS at a local level on a fortnightly basis minimum to update on latest developments and share insights and local intel in a timely manner.

5.4.3 Open dialogue continues between the WLEP/WGH and Local Authorities around UKSPF investment plans which could underpin some of our existing initiatives and services for the UKSPF funded period (to March 2025).

5.4.4 WLEP have a budget reserve in place, built up over time, to manage the potential risk of redundancies. In the meantime, the WLEP Executive Team with the support of the Accountable Body continue to monitor the operating budget to identify any potential opportunities for rationalisation.

5.4.5 WLEP Board is invited to comment on existing risk profile and to advise on any additional mitigation strategies we should consider.

Luke Willetts
Deputy CEO